

UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF CALIFORNIA

UNITED STATES, ex rel., BELL HILL,
LLC,

Plaintiff,

v.

JOHN SEASHOLTZ, et al.,

Defendants.

No. 1:20-cv-00942-ADA-BAM

ORDER GRANTING STIPULATION OF
DISMISSAL PURSUANT TO FED. R. CIV. P.
41(a)

(ECF No. 27)

On July 6, 2020, Relator-Plaintiff Bell Hill, LLC filed this qui tam action pursuant to the False Claims Act, 31 U.S.C. §§ 3729–3733. (ECF No. 1.) After several extensions of time, the Court granted the United States’ election to intervene in the claims against Defendants John Seasholtz, Sweetwood Farm Company, LLC, Mendota Land Company, Sweetwood Farm, Inc., and Seasholtz Co., LLC (“the Seasholtz Defendants”). (ECF No. 26.) The United States declined to intervene as to the claims against Defendant Bank of the West. (ECF No. 25.) On July 11, 2023, the United States and Relator-Plaintiff filed a stipulation, pursuant to Federal Rule of Civil Procedure 41(a)(1) to dismiss “with prejudice as to the United States with respect to the Covered Conduct as defined in the Settlement Agreement, and otherwise without prejudice.” (ECF No. 27 at 2.) According to the parties’ settlement agreement, the “Covered Conduct” consists of allegations that the Seasholtz Defendants (1) misrepresented payroll and employee headcounts when applying for Paycheck Protection Program (“PPP”) loans, (2) impermissibly used PPP

1 loans to pay down personal lines of credit, and (3) made false statements in connection with
 2 obtaining PPP loans. (ECF No. 29-1 at 4.)

3 Rule 41(a)(1) permits a plaintiff to dismiss an action without a court order by stipulation
 4 of the parties. Fed. R. Civ. P. 41(a)(1)(A)(ii). This rule is, however, “subject to . . . any
 5 applicable federal statute.” *Id.* 41(a)(1)(A). As relevant here, a qui tam action under the False
 6 Claims Act “may be dismissed only if the court and the Attorney General give written consent to
 7 the dismissal and their reasons for consenting.” 31 U.S.C. § 3730(b)(1). This provision modifies
 8 the typical procedure under Rule 41(a) to require a court’s consent for stipulated dismissals under
 9 the False Claims Act. *Youssef v. Tishman Constr. Corp.*, 744 F.3d 821, 826 (2d Cir. 2014); *see*
 10 *also United States ex rel. McGough v. Covington Techs. Co.*, 967 F.2d 1391, 1397 (9th Cir. 1992)
 11 (emphasizing the requirement that qui tam dismissals comply with the language of 31 U.S.C. §
 12 3730(b)(1)). The purpose of this rule is to prevent a relator-plaintiff from dismissing a qui tam
 13 action before the government has decided whether to intervene. *See Minotti v. Lensink*, 895 F.2d
 14 100, 103 (2d Cir. 1990).

15 Here, the United States previously decided to intervene in this action and worked with
 16 both the Relator-Plaintiff and the Seasholtz Defendants to negotiate a settlement. The settlement
 17 agreement contains the signatures of the attorneys representing the United States, Relator-
 18 Plaintiff, and the Seasholtz Defendants. Additionally, the Court does not find any of the terms in
 19 the settlement agreement unfair or otherwise objectionable.

20 Accordingly,

21 1. The stipulation to dismiss the action, (ECF No. 27), is granted as follows:

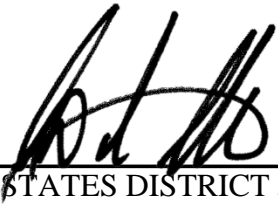
- 22 a. As to the Relator-Plaintiff, the action is dismissed with prejudice;
- 23 b. As to Defendants John Seasholtz, Sweetwood Farm Co., LLC, Mendota
 24 Land Co., Sweetwood Farm Inc., and Seasholtz Co., LLC, the action is
 25 dismissed with prejudice as to the United States for the Covered Conduct
 26 as set forth in the settlement agreement, and otherwise without prejudice;
 27 and

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c. As to Defendant Bank of the West, the action is dismissed without prejudice as to the United States.

IT IS SO ORDERED.

Dated: August 10, 2023


UNITED STATES DISTRICT JUDGE